

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION
Water Branch

RESOLUTION NO. W-4447
January 8, 2004

R E S O L U T I O N

**(RES. W-4447), FRUITRIDGE VISTA WATER COMPANY (FVWC).
ORDER AUTHORIZING A SURCHARGE TO AMORTIZE THE
BALANCE IN PURCHASED POWER BALANCING ACCOUNT
PRODUCING ADDITIONAL ANNUAL REVENUE OF \$55,046 OR
4.05%.**

SUMMARY

By Advice Letter No. 76, filed on October 31, 2003, FVWC seeks to amortize the net under-collection in the purchased power balancing account as of November 29, 2001, and under-collection in the purchased power memorandum account as of September 30, 2003, producing additional revenues for its Schedule No. 1, General Metered Service, and Schedule No. 2, Flat Rate Service, by assessing a surcharge of \$0.033 per Ccf (One Ccf is equal to one hundred feet), per customer for 12 months to recover a \$55,046 or 4.05% under-collection, including interest.

This increase is a result of increased costs for purchased power since FVWC's present rates became effective.

This resolution authorizes the above requested increase. The offset rate increase will not result in a rate of return greater than the last authorized for FVWC in Res. W-4252.

BACKGROUND

FVWC serves 4,800 customers in the Sacramento area. Present rates were established via an offset filing pursuant to Res. W-4379 dated March 13, 2003.

FVWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset \$55,046 which has accumulated in the balancing account and the memorandum account caused by an increase in purchased power costs. The purchased power rates increased when Sacramento Municipal Utility District (SMUD) increased its rates effective May 3, 2001.

DISCUSSION

Effective May 3, 2001, SMUD increased rates for purchased power. This increase has resulted in a total purchased power unit cost of \$0.103751 per kilowatt-hour (kWh). This amount exceeds the \$0.0804 per kWh unit cost adopted in Res. W-4252 by \$0.0206 per kWh. This rate increase has resulted in an accumulation of \$55,046 in the purchased power balancing and memorandum accounts for FVWC.

The total under-collections in the balancing account and the memorandum account exceed 2% as of September 30, 2003. The Water Division (Division) has reviewed FVWC's request and supporting workpapers for Advice Letter No. 76 and determines it to be reasonable. Therefore, the Division recommends that FVWC be authorized to recover the undercollection balance in its purchased power by assessing balancing account.

The increases in SMUD's purchased power costs are directly related to water consumption and therefore shall be applied to quantity rates for metered customers and based on estimated consumption for flat rate customers. Service is satisfactory. There are no Commission orders requiring system improvements and no service problems requiring corrective action.

FVWC is currently earning a rate of return of 8.73% on a recorded basis, which does not exceed its last authorized rate of return of 11.00% pursuant to Res. W-4254, dated June 14, 2001.

NOTICE AND PROTESTS

Notice of the proposed rate increase was published on November 20, 2003, in a newspaper of general circulation as evidenced by proof of publication provided to the Division by the utility. There were no protests concerning the proposed offset increase.

FINDINGS

1. SMUD raised its rates for power effective May 3, 2001.
2. FVWC's purchased power balancing account has accumulated an under-collection balance of \$55,046 as of September 30, 2003, due to the power increase.
3. FVWC filed this advice letter to recover the under-collection in its purchased power balancing account balance as of September 30, 2003.

4. FVWC is currently earning a rate of return of 8.73% on a recorded basis which does not exceed its last authorized rate of return of 11.00%.
5. This is an uncontested matter subject to public notice and comment exclusion provided in Public Utilities Code Section 311 (g) (3).
6. The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. Fruitridge Vista Water Company is authorized, five days after the effective date herein, to make effective revised Schedule No. 1, General Metered Service and Schedule No. 2, Flat Rate Service, attached to Advice Letter No. 76, and to cancel the corresponding presently effective rate schedules.
2. Fruitridge Vista Water Company is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on January 8, 2004; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director

MICHAEL R. PEEVEY
President
CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners